



Stephen J. Houle  
Vice President

TXU Gas Company  
1601 Bryan Street  
Dallas, Texas 75201

Tel 214 812 4821  
Fax 214 812 3221  
shoule1@oncorgroup.com

May 23, 2003

**TO THE GOVERNING BODY OF THE CITY OF COLLEGE STATION**

Filed herewith is an original of TXU Gas Company's (the "Company") Statement of Intent to Change Rates in the Company's Statewide Natural Gas System. While information has been filed with your municipality regarding the Company's overall cost of service, your municipality only has original jurisdiction over the Company's Distribution System rates within the city limits of your municipality.

The Company requests that your municipality either deny the rate request or defer your municipality's jurisdiction over this request to the Railroad Commission of Texas (the "Commission") in order to conduct one proceeding regarding the Company's costs of service for the entire System. If your municipality does not take one of the two actions requested above, the Company will appeal your municipality's action to the Commission and consolidate your municipality's appeal with the Company's case already on file with the Commission. The Company is requesting your municipality to take one of the two actions above in an effort to lower costs associated with this rate request, costs that will ultimately be borne by the Company's customers.

Please review the Rate Filing Package and take appropriate action for the Company's rate request. If a representative of your municipality wishes to review any workpapers used to construct the Rate Filing Package, please contact Ms. Teri Smart at 214-812-4832. If you have any questions, please feel free to contact me.

Yours truly,

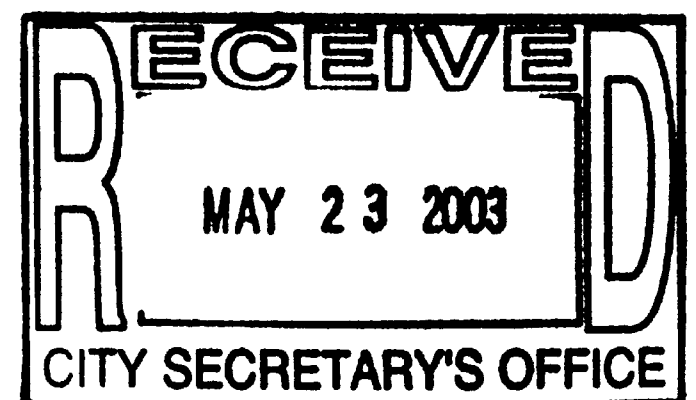
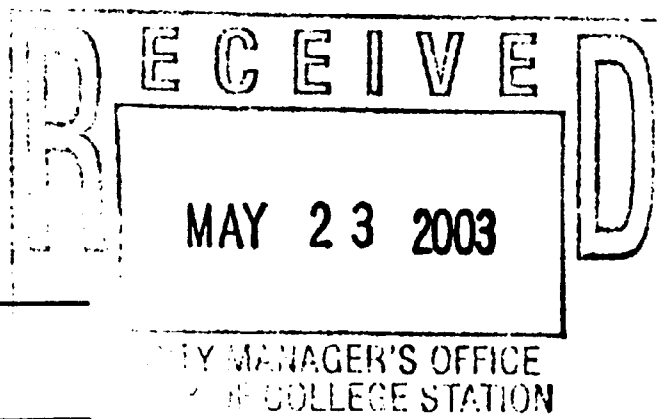
Enclosure

Receipt Acknowledged By:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

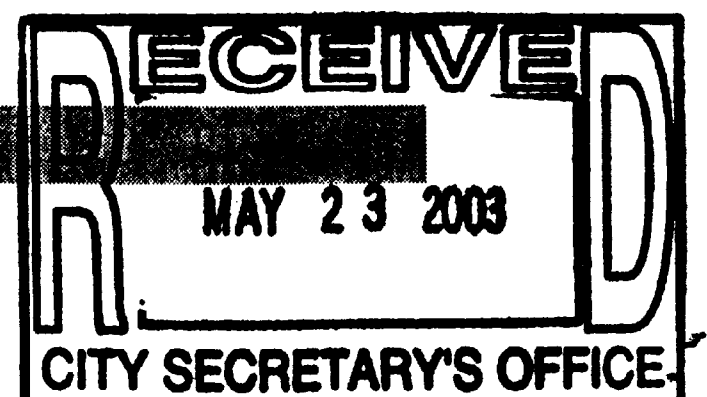
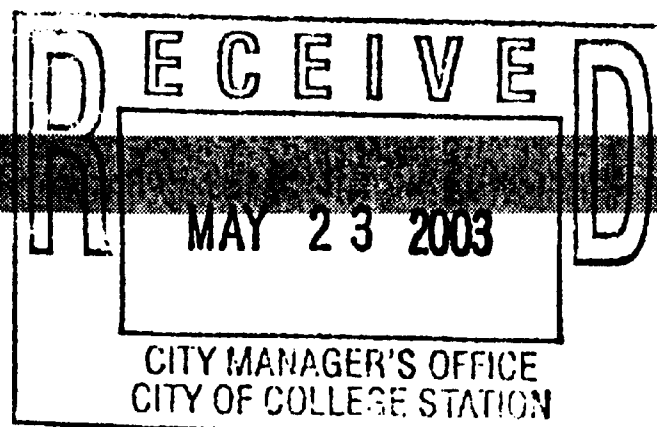
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# TXU Gas Company 2003 Rate Case

## *Executive Summary*



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## **INTRODUCTION**

Since 1909, TXU Gas has been providing natural gas service to homes and businesses in north central Texas. From the natural gas pipeline built from the Petrolia field in Clay County and growing to over 6,800 miles of pipeline and 26,000 miles of distribution lines existing today, TXU Gas has grown with Texas. The Company now serves over 1.4 million residential, commercial and industrial customers in approximately 550 communities with safe, reliable and reasonably priced natural gas. With this rate case, TXU Gas is taking another bold step to ensure that our customers will continue to receive the same high quality service they have come to expect and depend on.

## **OVERVIEW**

TXU Gas has met the challenge of the rapidly growing economy that it serves. The Company has made the investment and incurred the expenses necessary to keep the gas flowing to our customers in a safe and efficient manner. We have worked hard to control O&M expenses and will continue to do so in the future.

TXU Gas has filed this rate case because our rates do not reflect our current level of reasonable and necessary expenses. Like any investor, investors in TXU Gas expect to earn a return on their investment and for that investment to be returned to them over time. Largely because of the infrastructure improvements we have made in the last five years, we are not earning a reasonable return overall on the TXU Gas invested capital.

## **CAPITAL INVESTMENT**

TXU Gas has invested approximately \$721 million in its gas pipeline and distribution system in the last five years. After taking into account depreciation during that period, the value of our plant in service has increased over \$400 million.

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This is a 66% increase in the net plant in service over a five-year period. These investments were necessary to maintain the safety and reliability of the system. Much of the investment was to replace pipe and other facilities that had reached the end of their service lives. The investments were also made in response to the rapid economic growth in our service area, which required the replacement of pipe as development encroached on high pressure lines, relocations of pipe as roads and freeways were built or expanded, and extensions of pipe and increases in capacity as the population expanded into outlying areas.

## **OPERATING AND MAINTENANCE EXPENDITURES**

Despite the rapid growth in the economy and the increased capital investment, TXU Gas has been able to closely control its operating and maintenance (O&M) expenses. Between 2001 and 2002, expenses in the field have slightly decreased. Operating expenses over all have slightly increased as a result of increased pension funding requirements and employee benefits, areas of expense that have been rapidly rising across the national economy and are largely outside of the Company's control. TXU Gas is continuing to take steps to limit increases in O&M expenses. This rate case contains several adjustments reflecting additional steps that have been taken to reduce O&M after the close of the recent calendar year. As a result of our WINS program, for example, O&M expenses have been adjusted downward in the rate case from actual costs by \$6.7 million.

## **SIMPLIFIED RATES**

We have taken great care in developing this rate case. We have simplified our approach so that it will be much easier for our customers and our regulators to understand our business. For instance, in this case we are proposing rates for only six customer classes: Four classes of service from the inlet of our system through both

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pipeline and distribution facilities and two classes of service for customers that only use the pipeline facilities. All of our customers will have only one rate to pay.

## **RATE FILING PACKAGE**

We have improved and updated the rate filing package in many areas. We have a new detailed cost of service study and a newly designed Tariff for Gas Service. We have prepared a new depreciation study for both the Pipeline and Distribution assets and a new lead/lag study to determine the need for cash working capital. The filing package itself has been made much simpler and is presented in a format that we feel will be easier to use. Finally, we have spent many hours ensuring the connection between our books and records and the filing package is transparent and accurate. Our various accounting teams have spent a lot of time trying to make sure the financial presentations are as straightforward as possible. We are preparing to answer any questions that may arise over the course of the case as expeditiously as possible.

## **RATE INCREASE**

Overall, TXU Gas is asking for approximately a 7.2% rate increase. Residential rates would increase approximately 10% even though our analysis shows that an increase well in excess of this amount could be justified. For residential customers, this will increase their typical bill approximately \$3.59. As a matter of policy, we believe that the increase in Residential rates should be limited to 10%. There is a slight increase for the commercial class and no increases for other classes of customers.

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## **TARIFF IMPROVEMENTS**

We are requesting, in addition to a rate increase, a number of other changes to our tariff. The two most important are to provide a capital investment adjustment factor (CIAF) and we are also seeking to revise the gas cost recovery mechanism. Both of these proposals are meant to reduce future rate case expenses and to provide more timely recovery of costs, thus reducing regulatory expenses and improving the Company's financial future. As our service area grows and our facilities continue to age, we expect that our investment in the system will continue to exceed depreciation for the foreseeable future. This will make it highly likely that we will have to continue to file rate cases on a regular basis if the CIAF is not approved. We are also proposing changes in the gas cost recovery procedures, which will limit future rate-case expenses while enhancing the TRC's and City's ability to monitor and review those costs. Rate cases are expensive for all concerned, especially for our ratepayers. A broad consensus exists that steps should be taken to limit those costs. We believe our proposals will accomplish that end.

## **CONCLUSION**

TXU Gas is proud of its achievements since 1909, and especially in the last five years. We have maintained a safe and reliable gas system through the hard work of our employees and the investment of a tremendous amount of capital. Reducing our field operating expenses has not been easy but we have done it. Through our rate activities of the last few years we have gained a better understanding of what the Cities and TRC want to see in a rate filing. While areas of disagreement may remain over policy, we are confident that our hard work in preparing this package will allow the process to focus on those policy differences. We expect the result of this effort to produce a fair treatment of our request that will allow us to continue to provide safe and reliable service to our customers.

## **TXU Gas – Rate Case**

### ***College Station, Texas Case Overview***

#### **Impact on Typical Customer Bills in College Station**

- Typical residential customers using 6 MCF per month will realize a decrease of approximately \$0.65 per month or 1.1% using current gas cost.
- Typical commercial customers using 30 MCF per month will realize a decrease of approximately \$11.88 per month or 4.4% using current gas cost.

#### **Number of Customers in College Station**

- **11,834** total customers
  - **10,998** residential customers
  - **769** commercial customers
  - **67** industrial customers

#### **Case Facts**

- TXU Gas has made significant investment in the system in order to continue providing safe and reliable natural gas service.
  - The Company has invested approximately \$721 million in the pipeline and distribution systems in the last five years or a 66% increase in the net plant in service
- Despite rapid economic growth, TXU Gas has closely controlled its operating and maintenance (O&M) expenses
  - From 2001 to 2002 expenses in the field have slightly decreased.
  - Operating expenses overall have slightly increased due to increased pension funding requirements and employee benefits, areas of expense that have been rapidly rising across the national economy.
- TXU Gas is currently earning a 4.31% return on invested capital
  - The Company is proposing to earn a 8.99% return on invested capital
  - In November 2000, the Railroad Commission of Texas authorized a return on invested capital of 9.75% in TXU Gas Distribution's appeal from the Dallas Distribution System
- TXU Gas is proposing more simplified and transparent rates
  - System-wide rates – The Company is proposing one set of rates for all customer classes across the system.
  - TXU Gas is filing a case for both the distribution and pipeline assets and services

**TXU GAS COMPANY STATEMENT OF  
INTENT TO CHANGE RATES IN THE  
COMPANY'S STATEWIDE GAS  
UTILITY SYSTEM**

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§  
§

**BEFORE THE RESPECTIVE  
GOVERNING BODY OF THE TXU  
GAS SYSTEM CITIES AND TOWNS**

**TXU GAS COMPANY STATEMENT OF INTENT TO CHANGE RATES IN THE  
STATEWIDE GAS UTILITY SYSTEM**

**TO THE HONORABLE CITY OR TOWN COUNCIL:**

COMES NOW TXU Gas Company ("TXU Gas" or the "Company"), a natural gas utility under Subtitles A and B of Title 3 of the Texas Utilities Code (Vernon 1998, Supp. 2003) (the "Utilities Code"), and files this its Statement of Intent to Change Rates in the Company's statewide gas utility system (the "System") pursuant to Utilities Code §§ 104.101-104.111. Also filed herewith and made a part of hereof for all purposes, is the Tariff for Gas Service in the System (the "Tariff") and the supporting Cost of Service Schedules (the "Schedules") as well as all items listed in Section II of this Statement of Intent. All of these items together constitute the Company's Rate Filing Package. The Company would show as follows:

**I.  
JURISDICTION**

TXU Gas is filing a rate case on behalf of the Company's entire System. The new rates will affect all of TXU Gas' customers on the System. The Company's Rate Filing Package includes Schedules for the Company's Distribution System and the Company's Pipeline System. The Distribution System is the local distribution system that provides gas utility service inside the city limits of approximately 440 incorporated cities (the "Cities") in the State of Texas.<sup>1</sup> The Pipeline System is the transmission component of the Company's gas system that transports

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<sup>1</sup> The Distribution System also serves environs customers outside of the city limits of the approximately 440 incorporated cities. The Distribution System serves approximately 550 incorporated cities, towns, and unincorporated areas in the System.



natural gas to local distribution companies, certain industrial customers, and other customers for on and off-system usage. The Company is requesting approval of its cost of service for both the Pipeline System and the Distribution System. Rates have been developed that present statewide rates for gas service to Pipeline System and Distribution System customers. Pursuant to Utilities Code § 103.001, the Cities have exclusive original jurisdiction to set rates to be charged by local distribution customers inside of the city limits of the Cities. Thus, the Cities have original jurisdiction over the proposed Distribution System rates within their respective city limits only, unless they cede their jurisdiction to the Commission pursuant to Utilities Code § 103.003.

The Railroad Commission of Texas (the "Commission") has exclusive original jurisdiction over this Statement of Intent and authority to fix a schedule of rates to be charged to customers served by the Pipeline System pursuant to Utilities Code § 102.001(a), all rates to be charged to environs customers, and rates for any city that cedes its jurisdiction over a gas utility's rates, operations, or services to the Commission pursuant to Utilities Code § 103.003. The Commission also has jurisdiction over the Company's gas costs pursuant to the Final Order issued in Gas Utilities Docket No. 8664.<sup>2</sup> Additionally, the Commission has exclusive appellate jurisdiction of any municipal decision regarding this Statement of Intent pursuant to Utilities Code § 102.001(b).

This Statement of Intent applies solely to the Distribution System's rates within your city's jurisdiction.

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<sup>2</sup> As set forth in the Tariff, the Company is requesting a new gas cost recovery factor and procedures to accompany the recovery factor.

## II. DESCRIPTION OF RATE FILING PACKAGE

The following items are included in the Rate Filing Package:

1. Table of Contents
2. Executive Summary
3. Statement of Intent
4. Testimony Summaries of Company Witnesses
5. Tariff for Gas Service
6. Cost of Service Schedules

## III. PROPOSED TARIFFS AND SCHEDULES

The Company proposes to change its rates in accordance with the Tariff, which includes, but is not limited to, an Index of Rates and List of System Cities,<sup>3</sup> rates for all classes of gas utility service, all rate adjustments, all charges, and all surcharges being sought in this filing. The Tariff also presents the Company's Service Rules and Regulations. The Company's Service Rules and Regulations will become effective upon filing with this case in accordance with Commission Rule 7.45 as set forth in Title 16 of the Texas Administrative Code § 7.45. As set forth in the Rate Filing Package, the Tariff supersedes all previous tariffs on file in the Cities and in areas served by TXU Gas outside of the Cities, for the specific services mentioned therein.

## IV. DETAILS OF PROPOSED CHANGES

### A. Test Year

The Company's proposed cost of service for the System as set forth in this Statement of Intent and Rate Filing Package is based on the twelve-month period ending December 31, 2002, updated for known changes that are measurable with reasonable accuracy.

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<sup>3</sup> This Index does not include a list of unincorporated communities, but the Company is seeking new rates for these environs customers.

**B. Compliance with Rule 7.205**

As required by Commission Rule 7.205 as set forth in Title 16 of the Texas Administrative Code § 7.205, details of each proposed rate increase are contained in Schedules A through L of the Cost of Service Schedules, which are filed herewith. The effect of the proposed increase in revenues of the utility is set forth in Schedule A. All customers within the System will be affected by this change. The class and number of affected customers is set forth in Schedule J-1 of the Schedules. The specific affects of the rate changes in your city are described in the attached Exhibit A.

**C. Reason for Rate Change**

Under current rates, the Company is not recovering its reasonable and necessary costs associated with operating the System. The Company has invested more than \$721 million in gross new capital in the System between December 31, 1997, and December 31, 2002. Primarily, the Company invests new capital in the System for the following reasons: (1) to promote safety and reliability through the replacement of pipelines and other facilities that have reached the end of their service lives; (2) to accommodate government entities by relocating pipelines and other facilities to promote increased economic activities; (3) to provide service to new customers; and (4) to comply with regulatory requirements set by federal, state, and municipal authorities. The Company is currently earning a rate of return on net capital investment of only 4.31% in the System. TXU Gas is therefore not earning a reasonable return on its capital investment in the System, nor does it have a reasonable opportunity to do so. Accordingly, the rates currently in effect in the System are not just and reasonable, in violation of Utilities Code § 104.003. In this filing, TXU Gas proposes a revenue requirement that will permit it the opportunity to earn a reasonable rate of return of 8.99%.

Estimated total increase in annual revenue is \$69.5 million or 7.24% based upon Current Annual Revenue from all customers. The filing is based on a Test Year ended December 31, 2002, and reflects present annual revenue under present rates of \$960.5 million and Estimated Annual Revenue under the proposed rates of \$1,030.0 million. The proposed changes will result in a major change as that term is defined in Utilities Code § 104.101. As set forth in the Rate Filing Package, the Tariff supersedes all previous tariffs on file in the Cities and in areas served by TXU Gas outside of the Cities, for the specific services mentioned therein.

**V.**  
**NOTICE**

Included with this Statement of Intent is a copy of the public notice for this proceeding. The notice is attached to this Statement of Intent as Exhibit B.<sup>4</sup> The notice will be published in newspapers of general circulation in 111 counties encompassing the geographical area of the System. A list of these counties is included in the Tariff. In accordance with Utilities Code § 104.103, the notice will be published for four successive weeks.

**VI.**  
**AUTHORIZED REPRESENTATIVES**

TXU Gas' business address and telephone number for the purposes of this filing are:

TXU Gas Company  
1601 Bryan Street  
Dallas, Dallas County, Texas 75201  
214.812.2323

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<sup>4</sup> The average bill for residential and commercial customers indicated on the notice is derived from the calculation found on WP/L-3/4.

TXU Gas' authorized representatives are:

Stephen J. Houle  
Vice President  
TXU Gas Company  
1601 Bryan Street  
Dallas, Dallas County, Texas 75201  
214.812.2323

and

John E. Moeller, Jr.  
Hunton & Williams LLP  
1601 Bryan Street, 30<sup>th</sup> Floor  
Dallas, Dallas County, Texas 75201-3402  
214.979.3000

General inquiries concerning this Statement of Intent should be directed to Mr. Houle at the above-stated address and telephone number. All pleadings, motions, orders, and other documents filed in this proceeding should be served upon Mr. Moeller, at the above stated address.

WHEREFORE, PREMISES CONSIDERED, TXU Gas prays that your city (1) deny the rate request or (2) defer jurisdiction to the Commission regarding this rate request pursuant to Utilities Code § 103.003, and award TXU Gas such other and further relief to which it may be entitled.

Respectfully submitted,

**HUNTON & WILLIAMS LLP**

By: John E. Moeller, Jr.  
John E. Moeller, Jr.  
State Bar No. 14246950  
Myles F. Reynolds  
State Bar No. 24033002

1601 Bryan Street, 30<sup>th</sup> Floor  
Dallas, TX 75201  
214.979.3000  
214.880.0011 (fax)

**ATTORNEYS FOR  
TXU GAS COMPANY**

## TXU Gas Rate Case College Station, Texas Case Summary

### Impact of Rate Filing in College Station

	<u>Increase</u>	
Residential Revenue	\$ 226,674	or 6.24%
Commercial Revenue	-179,620	or -8.30%
Industrial Sales/Transportation	441,738	or 18.63%
Service Charges	55,453	or 93.58%
<b>Total Revenue Change</b>	<b>\$ 544,244</b>	<b>or 6.61%</b>

### Impact of Rate Filing on Typical Customer Bills in College Station

- Typical residential customer's bill using 6 MCF per month will be \$ 41.69 or a decrease of approximately \$0.68 per month
- Typical commercial customer's bill using 30 MCF per month will be \$ 173.04 or a decrease of approximately \$12.01 per month

### Number of Customers in College Station

- **11,834** total customers
  - **10,998** residential customers
  - **769** commercial customers
  - **67** industrial sales/transportation customers

## **NOTICE OF GAS RATE INCREASE REQUEST**

TXU Gas Company (the "Company"), in accordance with the Gas Utility Regulatory Act as set forth in the Texas Utilities Code, hereby gives notice of its intent to implement a new schedule of rates for natural gas service to be charged to all of the customers served by the Company in the incorporated municipalities and unincorporated areas in the Company's statewide gas utility system (the "System"). The proposed revisions to the respective rate schedules will impact all classes of service and all fees and charges presently being assessed by the Company on its transmission and distribution systems. As of the filing date of the Company's Statement of Intent to change rates, the proposed rates are expected to approximately produce a \$69,524,311 or a 7.24 percent increase in the Company's annual revenues from customers in the System. The proposed change will affect approximately 1,344,030 residential, 125,603 commercial, and 1,441 industrial sales and transportation customers in the System. The proposed change constitutes a "major" change as that term is defined by Section 104.101 of the Texas Utilities Code. The proposed changes will have differing impacts on individual customers, depending on consumption and current applicable rate schedules. The proposed changes in rates will not become effective for environs customers until similar changes have become effective within the nearest incorporated city or town. A residential customer receiving a bill for 6 Mcf will see a bill of approximately \$41.69, which would constitute an average increase of approximately \$3.59 per month or a 9.4% increase. A commercial customer receiving a bill for 30 Mcf will see a bill of approximately \$173.04, which would constitute an average increase of approximately \$13.91 per month or a 8.7% increase. The effect of the proposed changes to rates and services for industrial sales and transportation customers, which may be significant for individual customers, will vary depending on type of service and consumption. The proposed change would constitute an increase of \$0.00 or a 0% increase in annual revenues to the Company for industrial sales and transportation customers. A complete copy of the Statement of Intent, filed with the Railroad Commission of Texas and all of the System cities and towns on May 23, 2003, is available for inspection in the Company business office located at 1601 Bryan St., Dallas, Texas 75201. Persons with specific area questions or who want information about this filing may contact TXU Gas Company at 1-800-460-3030. Any affected persons located inside of the city limits of a municipality served by the Company may file written comments or protest concerning the proposed change in rates with their respective municipality. Any affected persons located outside of the city limits of a municipality served by the Company may file written comments or protest concerning the proposed change in rates with Docket Services Section of the Legal Division, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967, but have a limited time to do so. Pursuant to the Rules of the Railroad Commission of Texas, Title 16 of the Texas Administrative Code Section 7.230, any affected persons may file written comments or a protest concerning the proposed change in the environs rates with the Docket Services Section of the Railroad Commission of Texas, at any time within 30 days following the date on which the change would or has become effective. The Company is proposing to have these proposed rates become effective on June 27, 2003.

Este es un aviso para informar a los clientes de TXU Gas Company (la "Compañía") que la Compañía está solicitando un aumento en la tarifa de gas. Este aumento afectara a todos los consumidores de gas de la Compañía en el estado de Texas. Si usted tiene alguna pregunta con respecto a este aumento, por favor llame a TXU Gas Company al 1-800-460-3030.





**Fax Cover**

Oncor  
Distribution Division  
Bryan District  
297 N Earl Rudder Fwy  
Bryan, TX 77802

Date: 5-19-03

To: HARVEY CARGILL, JR.

Company: CITY of COLLEGE STATION Fax: 764-3481

From: Don Fazzino, Jr. Phone: 979-774-2525

Dept: Distribution Operations Fax: 979-774-2528

Re: TXU GAS Company - Statewide gas rate case.

DEAR HARVEY,

This is for your information prior to the rate filing. Should you have any questions or would like to visit with me on this, please call. Thanks for your time and efforts in this regard.

If any pages are not received, please call: 979-774-2525

Number of pages (include cover page):

3

[Signature]



HUNTON & WILLIAMS LLP  
ENERGY PLAZA  
30TH FLOOR  
1601 BRYAN STREET  
DALLAS, TEXAS 75201-3402

TEL 214 • 979 • 3000  
FAX 214 • 880 • 0011

JOHN E. MOELLER, JR.  
DIRECT DIAL: 214-979-3075  
EMAIL: jmoeller@hutton.com

FILE NO: 88874-080048

May 8, 2003

Dear City Attorney,

During the second quarter of 2003, TXU Gas Company (the "Company") will be filing a statewide rate case in approximately 440 incorporated communities we serve across Texas and at the Railroad Commission of Texas, including the city or town that you represent. An information sheet that details some of the legal aspects of this filing is enclosed with this letter. The information references the Texas Utilities Code concerning the jurisdictional aspects of this filing and possible city or town action that will allow your client to defer the jurisdiction of this case to the Railroad Commission for this case only. It is the intention of the Company to take appropriate action to assure that uniform, statewide rates can be approved and implemented.

If you should have any questions regarding this letter or the enclosed information sheet, please do not hesitate to contact me at (214) 979-3075 or at the above address.

Sincerely,



John E. Moeller, Jr.  
Attorney for TXU Gas Company

## LEGAL ISSUES REGARDING TXU GAS COMPANY'S 2003 GAS RATE CASE

TXU Gas Company ("TXU Gas"), a company duly incorporated in the State of Texas, is made up of numerous operating divisions. TXU Gas Distribution ("TXU GD") is the distribution division of TXU Gas. TXU Lone Star Pipeline ("TXU LSP") is the transmission division of TXU Gas.

- Section 103.001 of the Texas Utilities Code (the "Utilities Code") grants to each municipality jurisdiction over the rates, operations, and services of a gas utility within the municipality. This grants your city original jurisdiction over TXU GD facilities.
- Section 102.001(a) of the Utilities Code grants to the Railroad Commission of Texas (the "Commission") exclusive original jurisdiction over the rates, operations, and services of a gas utility in areas outside of a municipality. This grants the Commission original jurisdiction over TXU LSP and TXU GD environs customers and the associated facilities.
- Section 102.001(b) of the Utilities Code grants the Commission exclusive appellate jurisdiction to review an order or ordinance of a municipality as it pertains to the rates, operations, and services of a gas utility. Additionally, all appeals to the Commission are *de novo*.
- Section 103.003 of the Utilities Code provides that a municipality may, by ordinance, temporarily surrender its original jurisdiction over the rates, operations, and services of a gas utility to the Commission.
- Section 103.023 of the Utilities Code ensures that the municipality will have standing in any case before the Commission that relates to a gas utility's rates and services in the municipality

TXU Gas will be filing a statewide rate case, which will establish rates for all classes of customers of TXU Gas. These rates will include both TXU GD and TXU LSP costs of service. The Company desires that your city either:

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1. Defer jurisdiction to the Commission with respect to this rate case or
  2. Deny TXU Gas' rate case, filed with your city, so TXU Gas can appeal the determination to the Commission.
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Should you have any legal questions regarding this endeavor, please do not hesitate to contact TXU Gas Company's attorneys at the law firm of Hunton & Williams in Dallas, Texas. The following attorneys are prepared to answer any questions you may have regarding this matter:

Hunton & Williams (Main)	214.979.3000
John Moeller (Direct)	214.979.3075
Myles Reynolds (Direct)	214.979.3069
James Goddard (Direct)	214.979.3066

## **ORDINANCE NO.**

AN ORDINANCE OF THE CITY OF COLLEGE STATION, TEXAS, DENYING TXU GAS COMPANY'S REQUEST TO CHANGE RATES IN THIS MUNICIPALITY, AS A PART OF THE COMPANY'S STATEWIDE GAS UTILITY SYSTEM; PROVIDING A REQUIREMENT FOR A PROMPT REIMBURSEMENT OF COSTS INCURRED BY THE CITY; PROVIDING AN EFFECTIVE DATE; FINDING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; AND PROVIDING FOR NOTICE OF THIS ORDINANCE TO TXU GAS COMPANY.

WHEREAS, on or about May 23, 2003, TXU Gas Company (the "Company") filed with the City of College Station ("City"), a Statement of Intent to change gas rates in all municipalities within the Company's statewide gas utility system effective June 27, 2003; and

WHEREAS, the City, has exclusive original jurisdiction to evaluate the Company's Statement of Intent as it pertains to the distribution facilities located within the City, pursuant to Texas Utilities Code §§ 102.001(b) and 103.001; and

WHEREAS, the Texas Utilities Code § 103.022 provides that costs incurred by the City in ratemaking activities are to be reimbursed by the regulated utility;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

SECTION 1. The Company's Statement of Intent to change gas rates within the City, as part of the Company's statewide gas utility system, be denied in all respects.

SECTION 2. The costs incurred by the City in reviewing the Company's application be promptly reimbursed by the Company.

SECTION 3. This Ordinance shall become effective immediately from and after its passage, as the law and charter in such cases provide.

SECTION 4. That it is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required.

SECTION 5. A copy of this ordinance, constituting final action on the Company's application be forwarded to the appropriate designated representative of the Company within 10 days as follows: Autry L. Warren, Director Gas Regulatory, TXU Business Services, 1601 Bryan Street, Dallas, Texas 75201-3402.

DULY PASSED and approved by the City Council of the City of College Station, Texas,  
on this the            day of            , 2003.

APPROVED:

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ATTEST:

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APPROVED AS TO FORM:

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, CITY ATTORNEY

## **ORDINANCE NO.**

**AN ORDINANCE ELECTING TO HAVE THE RAILROAD COMMISSION OF TEXAS EXERCISE ORIGINAL JURISDICTION OVER GAS UTILITY RATES, OPERATIONS, AND SERVICES WITHIN THE INCORPORATED LIMITS OF THIS MUNICIPALITY CONCERNING THE TXU GAS COMPANY STATEMENT OF INTENT FILED ON MAY 23, 2003; PROVIDING FOR AN EFFECTIVE DATE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; PROVIDING FOR NOTICE OF THIS ORDINANCE TO THE RAILROAD COMMISSION OF TEXAS; AND PROVIDING FOR NOTICE OF THIS ORDINANCE TO TXU GAS COMPANY.**

WHEREAS, on or about May 23, 2003, TXU Gas Company (the "Company") filed with the City of College Station ("City"), a Statement of Intent to change gas rates in all municipalities within the Company's statewide gas utility system effective June 27, 2003; and

WHEREAS, the City, has exclusive original jurisdiction to evaluate the Company's Statement of Intent as it pertains to the distribution facilities located within the City, pursuant to Texas Utilities Code §§ 102.001(b) and 103.001; and

WHEREAS, provision is made in Section 103.003 of the Texas Utilities Code whereby a municipality may elect to have the Railroad Commission of Texas (the "Commission") exercise original jurisdiction over gas utility rates, operations, and services within the incorporated limits of said municipality; and

WHEREAS, the Governing Body of this municipality, after having thoroughly considered the matter, is of the opinion that the best interests of this municipality will be served by having the Commission exercise original jurisdiction over gas utility rates, operations, and services as to this Statement of Intent;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

SECTION 1. That the Governing Body of this municipality does hereby elect to have the Commission exercise original jurisdiction over gas utility rates, operations, and services within the incorporated limits of this municipality concerning the TXU Gas Company Statement of Intent filed on May 23, 2003.

SECTION 2. That this Ordinance shall become effective, and the Commission shall exercise the exclusive original jurisdiction over said gas utility rates, operations, and services as to this Statement of Intent on and after the date of the passage hereof until such time as a final rate is set for TXU Gas Company by the Commission.

SECTION 3. That it is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required.

SECTION 4. That the Secretary of this municipality shall give notice of this Ordinance to the Commission by forwarding a certified copy of same to the Commission upon the passage of this Ordinance.

SECTION 5. That the Secretary of this City shall forward a copy of this Ordinance to the following representative of TXU Gas Company within 10 days after the Ordinance is approved: Autry L. Warren, Director Gas Regulatory, TXU Business Services, 1601 Bryan Street, Dallas, Texas 75201-3402.

PASSED AND APPROVED at a Regular Meeting of the City of College Station, Texas on this the            day of            , 2003.

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Mayor

ATTEST:

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Secretary